

SENATE BILL NO. 127

INTRODUCED BY J. BOHLINGER

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE LODGING FACILITY USE TAX TO 6 PERCENT FROM 4 PERCENT; PROVIDING THAT THE INCREASED REVENUE BE DISTRIBUTED TO THE GENERAL FUNDS OF CITIES, TOWNS, AND COUNTIES BASED UPON THE POINT OF TAX COLLECTION; PROVIDING THAT COUNTIES GET REVENUE FROM COUNTY COLLECTIONS NOT WITHIN AN INCORPORATED AREA; AMENDING SECTIONS 15-65-111, 15-65-121, AND 15-65-122, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-65-111, MCA, is amended to read:

"15-65-111. Tax rate. (1) There is imposed on the user of a facility a tax at a rate equal to ~~4%~~ 6% of the accommodation charge collected by the facility.

(2) Accommodation charges do not include charges for rooms used for purposes other than lodging."

Section 2. Section 15-65-121, MCA, is amended to read:

"15-65-121. (Temporary) Distribution of tax proceeds. (1) The proceeds of the tax imposed by 15-65-111 must, in accordance with the provisions of 15-1-501, be deposited in an account in the state special revenue fund to the credit of the department. The department may spend from that account in accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of 15-1-501 and as provided in subsections (1)(a) through (1)(e) of this section, the department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct ~~4%~~ 6% of that amount from the tax proceeds received each reporting period. The amount deducted must be deposited in the fund or funds from which in-state lodging expenditures were paid by state agencies. The amount of \$400,000 each year must be deposited in the Montana heritage preservation and development account provided for in 22-3-1004. On July 1, 1997, the amount

1 of \$45,000 is transferred to the department of commerce for purposes of a grant to the Fort Peck
2 interpretive center. The balance of the tax proceeds received each reporting period and not deducted
3 pursuant to the expenditure appropriation or deposited in the fund or funds from which in-state lodging
4 expenditures were paid by state agencies or in the Montana heritage preservation and development
5 account is statutorily appropriated, as provided in 17-7-502, and must be transferred to an account in the
6 state special revenue fund to the credit of the department of commerce for tourism promotion and
7 promotion of the state as a location for the production of motion pictures and television commercials, to
8 the Montana historical society, to the university system, ~~and~~ to the department of fish, wildlife, and parks,
9 and to cities, towns, and counties as follows:

10 (a) ~~1%~~ 0.67% to the Montana historical society to be used for the installation or maintenance of
11 roadside historical signs and historic sites;

12 (b) ~~2.5%~~ 1.67% to the university system for the establishment and maintenance of a Montana
13 travel research program;

14 (c) ~~6.5%~~ 4.33% to the department of fish, wildlife, and parks for the maintenance of facilities in
15 state parks that have both resident and nonresident use;

16 (d) ~~67.5%~~ 45% to be used directly by the department of commerce; and

17 (e) (i) except as provided in subsection (1)(e)(ii), ~~22.5%~~ 15% to be distributed by the department
18 to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to
19 the total proceeds collected statewide; ~~and~~

20 (ii) if ~~22.5%~~ 15% of the proceeds collected annually within the limits of a city or consolidated
21 city-county exceeds \$35,000, 50% of the amount available for distribution to the regional nonprofit
22 tourism corporation in the region where the city or consolidated city-county is located, to be distributed
23 to the nonprofit convention and visitors bureau in that city or consolidated city-county; and

24 (f) 33.33% to cities, towns, and counties for deposit in their respective general funds, ratably
25 based upon the point of the collection of the tax, with distribution to the city or town where the tax was
26 collected or, if the tax was collected in an unincorporated area, to the county in which it was collected.

27 (2) If a city or consolidated city-county qualifies under ~~this section~~ subsection (1)(e) for funds but
28 fails to either recognize a nonprofit convention and visitors bureau or submit and gain approval for an
29 annual marketing plan as required in 15-65-122, then those funds must be allocated to the regional
30 nonprofit tourism corporation in the region in which the city or consolidated city-county is located.

(3) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit tourism corporation may be used by the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials. (Terminates July 1, 2001--sec. 23(3), Ch. 469, L. 1997.)

15-65-121. (Effective July 1, 2001) Distribution of tax proceeds. (1) The proceeds of the tax imposed by 15-65-111 must, in accordance with the provisions of 15-1-501, be deposited in an account in the state special revenue fund to the credit of the department. The department may spend from that account in accordance with an expenditure appropriation by the legislature based on an estimate of the costs of collecting and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in accordance with the provisions of 15-1-501 and as provided in subsections (1)(a) through (1)(e) of this section, the department shall determine the expenditures by state agencies for in-state lodging for each reporting period and deduct ~~4%~~ 6% of that amount from the tax proceeds received each reporting period. The amount deducted must be deposited in the fund or funds from which in-state lodging expenditures were paid by state agencies. The balance of the tax proceeds received each reporting period and not deducted pursuant to the expenditure appropriation or deposited in the fund or funds from which in-state lodging expenditures were paid by state agencies is statutorily appropriated, as provided in 17-7-502, and must be transferred to an account in the state special revenue fund to the credit of the department of commerce for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials, to the Montana historical society, to the university system, ~~and~~ to the department of fish, wildlife, and parks, and to cities, towns, and counties as follows:

(a) ~~4%~~ 0.67% to the Montana historical society to be used for the installation or maintenance of roadside historical signs and historic sites;

(b) ~~2.5%~~ 1.67% to the university system for the establishment and maintenance of a Montana travel research program;

(c) ~~6.5%~~ 4.33% to the department of fish, wildlife, and parks for the maintenance of facilities in state parks that have both resident and nonresident use;

(d) ~~67.5%~~ 45% to be used directly by the department of commerce; and

(e) (i) except as provided in subsection (1)(e)(ii), ~~22.5%~~ 15% to be distributed by the department to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism region to

1 the total proceeds collected statewide; ~~and~~

2 (ii) if ~~22.5%~~ 15% of the proceeds collected annually within the limits of a city or consolidated
3 city-county exceeds \$35,000, 50% of the amount available for distribution to the regional nonprofit
4 tourism corporation in the region where the city or consolidated city-county is located, to be distributed
5 to the nonprofit convention and visitors bureau in that city or consolidated city-county; and

6 (f) 33.33% to cities, towns, and counties for deposit in their respective general funds, ratably
7 based upon the point of the collection of the tax, with distribution to the city or town where the tax was
8 collected or, if the tax was collected in an unincorporated area, to the county in which it was collected.

9 (2) If a city or consolidated city-county qualifies under ~~this section~~ subsection (1)(e) for funds but
10 fails to either recognize a nonprofit convention and visitors bureau or submit and gain approval for an
11 annual marketing plan as required in 15-65-122, then those funds must be allocated to the regional
12 nonprofit tourism corporation in the region in which the city or consolidated city-county is located.

13 (3) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual
14 marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit
15 tourism corporation may be used by the department of commerce for tourism promotion and promotion
16 of the state as a location for the production of motion pictures and television commercials."

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18 **Section 3.** Section 15-65-122, MCA, is amended to read:

19 **"15-65-122. Qualification of nonprofit entities for receipt of funds -- limitation on administrative**
20 **costs.** (1) The department of ~~revenue~~ shall provide the council with quarterly reports of regional tax
21 proceeds and tax proceeds of cities and consolidated city-counties that qualify for disbursement of funds
22 under 15-65-121 (1)(e) or (2).

23 (2) ~~No funds~~ Funds may not be disbursed to a regional nonprofit tourism corporation or nonprofit
24 convention and visitors bureau until that entity has submitted an annual marketing plan to the council and
25 that plan has been approved by the council.

26 (3) A maximum of 20% of the funds received by a regional nonprofit tourism corporation or
27 nonprofit convention and visitors bureau may be used for administrative purposes as defined by the
28 council."

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30 NEW SECTION. **Section 4. Effective date.** [This act] is effective July 1, 2001.

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